



Corporate Governance

Corporate Governance is the set of policies and guidelines by which a company operates. As a stakeholder in many corporations through equity investments, the State Board of Administration (SBA) takes an active role in strengthening corporate governance. Effective corporate governance can enhance shareowner value and thereby play an important role in achieving our financial objectives as a long-term investor.

For more information, please visit the SBA's Corporate Governance website by clicking [here](#).

The SBA participates in corporate governance through proxy voting, or voting. Voting is the primary means by which shareowners can influence a company's operations, its corporate governance, and even activities of social responsibility.

The proxy vote is a fundamental right tied to owning stock. The SBA has a fiduciary responsibility to ensure proxies are voted in the best interest of fund participants and beneficiaries. The SBA routinely votes proxies on all publicly-traded equity securities held within the SBA's stock portfolios.

Integrity, performance, and accountability are principles that guide the SBA and our staff while serving as stewards of Florida's public pension and other trust funds. We expect nothing less from the companies and funds in which we invest. That's why the SBA supports the adoption of internationally recognized governance practices for well-managed public companies. These include independent boards, performance-based executive compensation, accurate accounting and audit practices, transparent board procedures, and policies covering issues such as succession planning and meaningful shareholder participation.

As part of the SBA's mission to invest, manage and safeguard the assets of its various mandates, the SBA plays a vital role in supporting initiatives to ensure that public companies meet high standards of independent and ethical corporate governance. The SBA acts as a strong advocate on behalf of FRS members and beneficiaries, retirees and other clients to strengthen shareowner rights and promote leading corporate governance practices at U.S. and international companies in which the SBA holds stock. The SBA's corporate governance activities are focused on enhancing share value and ensuring that public companies are accountable to their shareowners, with independent boards of directors, transparent disclosure, accurate financial reporting, ethical business practices and policies that protect and enhance the value of SBA investments.

The State Board of Administration of Florida (SBA) cast votes at over 10,300 public companies, voting more than 97,000 individual ballot items during the 2016 proxy season. The SBA actively engages portfolio companies throughout the year, addressing corporate governance concerns and seeking opportunities to improve alignment with the interests of our beneficiaries. Highlights from the 2016 proxy season included the continued record adoption of proxy access by U.S. companies, record high votes of dissent on pay packages for executives in the United Kingdom, and strong improvements in the level of independence among Japanese boards of directors. Votes were cast in 81 countries, with the top five countries comprised of the United States (2,913 votes), Japan (1,251), India (470), Taiwan (416), and the United Kingdom (409). Across all voting items, the SBA voted 76.5 percent "For", 20.2 percent "Against", 3.1 percent "Withheld", and 0.2 percent "Abstained" or "Did Not Vote" (due to various local market regulations or liquidity restrictions placed on voted shares). Of all votes cast, 22.2 percent were "Against" the management-recommended-vote (up from 19.4 percent during the same period last year). Among all global proxy votes, the SBA cast at least one dissenting vote at 7,689 annual shareowner meetings, or 74.6 percent of all meetings.